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50X1

10 March 1955

Via Airmail - Registered
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[redacted] has asked me to write and advise you of the following facts regarding Contract [redacted]

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Unexpected difficulties are being experienced in securing proper operation of the high-speed magnetic recorder constructed under Schedule B of the contract. These difficulties arise from the great increase in tape speed over that previously employed when the equipment was used in connection with [redacted]. As a result of the recorder difficulties, initiation of field testing has been delayed approximately five weeks, and hence the completion of the work and submission of the final report will be correspondingly delayed.

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Although our initial proposal for this work was based on an overhead rate of [redacted] we now anticipate that the company overhead rate for 1954 will be in the neighborhood of [redacted]. Air Force audit of our 1954 operations is still in process, and it will be some little time yet before the overhead rate is finally established. [redacted] is the present estimate for overhead during the first half of 1955, although it is also difficult to forecast this rate precisely. Based on these assumptions regarding overhead rates, we anticipate that the funds originally planned to cover Schedule B of the contract will be expended as of the presently scheduled termination date of 18 March 1955.

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Accordingly, an extension of the expiration date on Schedule B of the contract is requested from 18 March to 25 April 1955, involving additional costs of [redacted] the detail of which is shown on the attached sheet. This extension will include the time necessary for the preparation and completion of the final report.

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Work on Schedule A is expected to terminate on 18 March 1955 as planned, but it is our understanding that charges can continue during an additional three-week period for the preparation and submission of the final report. No overrun of costs is anticipated on Schedule A.

Yours very truly,




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Director of
Administration and Finance



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Enclosure:

Additional Cost Estimate
Schedule A, Contract 

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ADDITIONAL COST ESTIMATE
SCHEDULE A, CONTRACT

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Engineering
Technician
Drafting
Total Direct Labor
Overhead at
Total Cost

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